

Vanessa R. Waldref
United States Attorney
Eastern District of Washington
Tyler H.L. Tornabene
Dan Fruchter
Assistant United States Attorneys
Post Office Box 1494
Spokane, WA 99210-1494
Telephone: (509) 353-2767

FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON
OCT 18 2022
SEAN F. McAVOY, CLERK
DEPUTY
SPOKANE, WASHINGTON

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF WASHINGTON

UNITED STATES OF AMERICA,

Plaintiff,

2:22-CR-00147-MKD

INDICTMENT

v.

Vio: 18 U.S.C. § 1343

Wire Fraud

(Counts 1-2)

JASON CARNELL O'DAFFER,

Defendant.

18 U.S.C. § 287

False, Fictitious, or Fraudulent
Claims

(Count 3)

18 U.S.C. § 981, 28 U.S.C. §
2461

Forfeiture Allegations

The Grand Jury charges:

GENERAL ALLEGATIONS

1. At times relevant to this Indictment, the Defendant, JASON CARNELL O'DAFFER, was residing in Wenatchee, Washington, in the Eastern District of Washington.

1 2. The Coronavirus Aid, Relief, and Economic Security Act (CARES
2 Act) was a federal law enacted on March 27, 2020, designed to provide emergency
3 financial assistance to the millions of Americans who were suffering the economic
4 effects caused by the COVID-19 pandemic. One source of relief provided by the
5 CARES Act was the Economic Injury Disaster Loan (EIDL) program. EIDL is an
6 Small Business Administration (SBA) program that provides low-interest funding
7 to eligible small businesses, renters, and homeowners affected by declared
8 disasters.

9 3. In order to obtain an EIDL and advance, a qualifying business must
10 submit an application to the SBA and provide information about its operations,
11 such as the number of employees, gross revenues for a 12-month period preceding
12 the disaster, and cost of goods sold in the prior 12-month period. The applicant
13 must also certify that all the information in the application is true and correct to the
14 best of the applicant's knowledge, and agree in the required Loan Authorization
15 and Agreement that the EIDL funds will be used solely as working capital to
16 alleviate economic injury caused by disaster.

17 4. The amount of an EIDL, if the application is approved, is determined
18 based, in part, on the information provided in the application about employment,
19 revenue, and cost of goods, as set forth above. Any funds issued under an EIDL or
20 advance are issued directly by the SBA. EIDL funds must be used for appropriate
21 working capital expenses such as payroll, sick leave, production costs, and
22 business obligations, such as debts, rent, and mortgage payments.

23 5. EIDL applications are received in cloud-based platforms. The location
24 of the server through which the EIDL application is submitted is based on the date
25 the application was processed by SBA and the application number. During the time
26 period relevant to this Indictment, all EIDL applications and supporting documents
27
28

1 were received in a Microsoft cloud-based platform using a Rapid Finance
2 application, through SBA servers located in Des Moines, Iowa.

3 The Scheme

4 6. The allegations in paragraphs 1 through 5 of this Indictment are
5 incorporated as though realleged herein.

6 7. Beginning no later than on or about November 9, 2021, and
7 continuing through at least on or about May 9, 2022, in the Eastern District of
8 Washington and elsewhere, Defendant devised and intended to devise a scheme to
9 defraud the SBA, and to obtain money and property by means of materially false
10 and fraudulent pretenses, representations, and promises, and to convert the
11 proceeds of the fraud for personal use.
12

13 8. Specifically, Defendant applied for and, on or about December 1,
14 2021, received, \$117,300.00 in EIDL funds, using false and fraudulent information
15 about his purportedly active company, Chelan Douglas Appraisal Services, with
16 the intent to defraud, steal, and convert the proceeds of the EIDL for Defendant's
17 personal use and without any intent to use the proceeds thereof for any authorized
18 purpose, or any intent to repay the EIDL.

19 9. Upon his receipt of the EIDL funds and through at least May 9, 2022,
20 Defendant knowingly and intentionally converted the EIDL funds for his personal
21 use through various transactions from the below described business checking
22 account for Chelan Douglas Appraisal Services and the below described consumer
23 checking account, including but not limited to Defendant's purchase of a personal
24 recreational vehicle (RV).
25

26 10. Additionally, as part of his scheme to defraud the SBA, after he
27 fraudulently obtained \$117,300.00 in EIDL funds through his initial fraudulent
28 application, Defendant fraudulently sought additional EIDL funding by applying

1 for a Targeted EIDL Advance Loan and Supplemental Targeted Advance Loan.
2 On or about December 24, 2021, Defendant used false and fraudulent information
3 about his purportedly active company, Chelan Douglas Appraisal Services, with
4 the intent to defraud, steal, and convert the proceeds of the Targeted EIDL
5 Advance Loan and Supplemental Targeted Advance Loan for Defendant's personal
6 use and without any intent to use the proceeds thereof for any authorized purpose,
7 or any intent to repay the Targeted EIDL Advance Loan and Supplemental
8 Targeted Advance Loan.
9

10 Manner and Means

11 It was part of this scheme that:

12 Economic Injury Disaster Loan Application No. 3324752705

13 11. On or about November 9, 2021, Defendant applied for an EIDL by
14 submitting application number 3324752705 to the SBA under the name of his
15 purportedly active business, Chelan Douglas Appraisal Services, for EIDL No.
16 25694491-02. Defendant signed for and submitted the final application on or
17 about November 14, 2021.

18 12. On or about November 27, 2021, Defendant electronically signed a
19 Loan Authorization and Agreement for EIDL Application No. 3324752705,
20 agreeing that he would use the proceeds of the EIDL solely as working capital for
21 his business to alleviate economic injury. Defendant agreed to be bound by the
22 stated terms and conditions during the term of the EIDL. Defendant further
23 certified, under penalty of perjury, that he was authorized to apply for and obtain a
24 disaster loan in connection with the effects of the COVID-19 emergency. A
25 properly signed Loan Authorization and Agreement is required prior to any
26 disbursement of EIDL funds.
27
28

1 13. Pursuant to the Loan Authorization and Agreement, a third-party UCC
2 handling charge of \$100 was to be deducted from Defendant's EIDL amount of
3 \$117,400.00 prior to disbursement.

4 14. The representations and certifications made by Defendant on his
5 EIDL application were materially false and fraudulent and Defendant knew they
6 were false and fraudulent at the time they were made. As Defendant well knew,
7 Chelan Douglas Appraisal Services had ceased doing business by or before
8 November 9, 2021, when Defendant applied for the EIDL for Chelan Douglas
9 Appraisal Services. In fact, while Chelan Douglas Appraisal Services had
10 apparently functioned as a sole proprietorship through 2020, in 2021 it ceased
11 doing business, and at the time of Defendants' EIDL application, Defendant, as the
12 only appraiser for Chelan Douglas Appraisal Services, could not lawfully conduct
13 appraisals in Washington nor engage in the business of appraising in Washington.

14 15. In Washington, pursuant to Revised Code of Washington (RCW)
15 18.310.060, a Certified General Appraiser License is required to lawfully engage
16 or attempt to engage in business as an appraisal management company, to engage
17 or attempt to perform appraisal management services, or to advertise or hold
18 oneself out as so engaging or conducting appraisals. Similarly, pursuant to RCW
19 18.310.110, any employee of an appraisal management company or any contractor
20 working in the capacity of an appraiser for an appraisal management company
21 must be licensed or certified by the state of Washington. Additionally, pursuant to
22 RCW 18.140.220, any person acting as a state-certified or state-licensed real estate
23 appraiser without a currently valid certificate, license, or registration, is guilty of a
24 misdemeanor.
25

26 16. At the time that Defendant signed and submitted EIDL application
27 number 3324752705, Defendant's Washington Certified General Appraiser's
28

1 license had expired as of October 23, 2021. During all times relevant to this
2 Indictment, Defendant did not apply for a new appraisers' license.

3 17. WaFd Bank business checking account ending in 7626 is the only
4 known bank account for Chelan Douglas Appraisal Services (herein "the business
5 checking account"). Between July 2020 and November 2020, the business
6 checking account for Chelan Douglas Appraisal Services had beginning and
7 ending monthly balances ranging between \$43,714.21 and \$86,513.08. However,
8 a year later, between July 2021 and November 2021, the business checking
9 account for Chelan Douglas Appraisal Services had beginning and ending monthly
10 balances ranging between \$34.81 and \$7,775.04. Moreover, in the four days after
11 Defendant's Washington Certified General Appraiser's license expired, the
12 business checking account for Chelan Douglas Appraisal Services was charged
13 four times for insufficient funds. Additionally, as Defendant well knew, Defendant
14 did not report any revenue to the Washington State Department of Revenue (DOR)
15 for calendar year 2021 for Chelan Douglas Appraisal Services. However, for
16 calendar year 2020, Defendant reported to DOR that Chelan Douglas Appraisal
17 Services was paid \$61,840.00 in gross revenue. Nonetheless, in order to receive
18 increased EIDL funding to which he was not entitled, Defendant falsely and
19 fraudulently inflated Chelan Douglas Appraisal Services' 2020 gross revenue in
20 his EIDL application number 3324752705 by certifying that Chelan Douglas
21 Appraisal Services' Actual 2020 Gross Revenues were \$106,589.00. As a result of
22 Defendant's false and fraudulent inflation of Chelan Douglas Appraisal Services'
23 2020 gross revenue, the SBA's calculated eligible amount for Defendant's EIDL
24 was itself inflated to \$117,400.00.

25 18. Defendant certified that the information in EIDL application number
26 3324752705 was true and correct to the best of his knowledge, under penalty of
27
28

1 perjury and of other criminal penalties for false information. Specifically,
2 Defendant falsely and fraudulently certified Chelan Douglas Appraisal Services
3 engaged in business activity, when it did not engage in any business activity and
4 was prohibited by state law from engaging in its purported business activity of
5 providing appraisal services.

6 19. Since Defendant's Washington Certified General Appraiser's license
7 expired on October 23, 2021, and was not renewed during times relevant to this
8 Indictment, it was unlawful for Defendant to engage or attempt to engage in
9 business as an appraiser or as an appraisal management company pursuant to RCW
10 18.310.060 and RCW 18.140.220. Further, Defendant reported no employees to
11 the Washington State Employment Security Department from at least 2018 to
12 March of 2022, and while he did report revenue to DOR for Chelan Douglas
13 Appraisal Services in 2020, though in a far lower amount than Defendant falsely
14 and fraudulently claimed in his EIDL application, he reported no revenue to DOR
15 for Chelan Douglas Appraisal Services in 2021. In addition, the business checking
16 account for Chelan Douglas Appraisal Services shows a sharp decline in apparent
17 revenue in 2021 culminating in multiple insufficient fund charges in the days after
18 Defendant's Washington Certified General Appraiser's license expired. All of
19 which occurred just weeks prior to Defendant's false and fraudulent EIDL
20 application number 3324752705. Accordingly, Chelan Douglas Appraisal
21 Services and Defendant were not eligible for any EIDL funding at the time of
22 Defendant's EIDL application or thereafter as it was not an operating business and
23 Defendant had fraudulently inflated its 2020 gross revenue.

24 20. As a result of the fraud and relying on the materially false and
25 fraudulent representations and certifications made by Defendant, SBA approved
26 the requested EIDL, on November 30, 2021.
27
28

1 21. On December 1, 2021, \$117,300.00 was deposited into Chelan
2 Douglas Appraisal Services' business checking account. The business checking
3 account was opened by Defendant, on July 18, 2016, doing business as Chelan
4 Douglas Appraisal Services. The business checking account had a beginning
5 balance of \$85.10 in December of 2021, prior to the \$117,300.00 deposit from
6 Defendant's falsely and fraudulently obtained EIDL.

7 22. The representation made by Defendant in the Loan Authorization and
8 Agreement required for disbursement of EIDL Application No. 3324752705 that
9 he would use the proceeds of the EIDL solely as working capital to alleviate
10 economic injury was materially false and Defendant knew it was false at the time
11 he made this representation. Instead of using the EIDL funds for a permissible
12 purpose, Defendant misused the EIDL funds for personal use through payments,
13 transfers, and withdrawals from the business checking account and Defendant's
14 WaFd Bank consumer checking account ending in 5351 (herein "the consumer
15 checking account").
16

17 23. Between December 1, 2021, and May 9, 2022, a total of more than
18 \$70,000.00 was transferred from the business checking account to the consumer
19 checking account and during which time, with the exception of one \$40.00 deposit,
20 there was no other deposit into the business checking account other than the EIDL
21 disbursement of \$117,300. During that time period, the EIDL funds were
22 withdrawn, spent, and otherwise transferred out of the business checking account
23 and the consumer checking account. The ending balance of the business checking
24 account on April 30, 2022 was \$1,757.63. The ending balance of the consumer
25 checking account on May 10, 2022, was \$1,041.54. The consumer checking
26 account was shared by Defendant with his father and sister who were also
27
28

1 signatories on that account. The business checking account was shared by
2 Defendant and his sister who was a signatory on that account.

3 24. The unauthorized transactions using the EIDL funds that Defendant
4 conducted out of the consumer checking account, included (1) a withdrawal
5 credited to payment for a campground membership in the amount of \$1,194.00, (2)
6 a wire transfer in the amount of \$39,169.48 payable to a Bank of the West Account
7 ending in 5213 (herein “ the Bank of West Account”), and (3) a cashier’s check
8 payable to Defendant’s sister in the amount of \$12,000.00. All these transactions
9 were for Defendant’s personal benefit, were not legitimate business or working
10 capital expenses, and were not authorized by the terms of his EIDL.
11

12 Defendant’s RV

13 25. On or about November 6, 2021, Defendant signed the Retail
14 Installment Contract and Security Agreement for the purchase of a Thor Freedom
15 Elite 23U Class C RV (herein “Defendant’s RV”) from Lazydays RV in the State
16 of Indiana.

17 26. On or about November 6, 2021, Defendant submitted a Consumer
18 Credit Application number 11713513 through Bank of the West for a loan to fund
19 Defendant’s purchase of Defendant’s RV.

20 27. Based on Defendant’s Consumer Credit Application number
21 11713513, on or about November 18, 2021, Bank of the West funded the loan for
22 Defendant’s RV in the amount of \$37,802.50.

23 28. On January 11, 2022, the consumer banking account had a balance of
24 \$2,540.71. On January 28, 2022, the consumer banking account received a transfer
25 of \$40,000 from the business checking account delineated as “RV Payoff.” As of
26 January 28, 2022, since receiving the \$117,300.00 EIDL on December 1, 2021,
27
28

1 when the business checking account had a beginning balance of \$85.10, it had
2 received no deposits other than the EIDL funds.

3 29. On or about February 1, 2022, the Bank of the West loan number
4 241946585 was paid in full by a wire transfer authorized by Defendant from the
5 consumer checking account using the EIDL funds that had been transferred from
6 the business checking account on January 28, 2022, delineated as "RV Payoff."
7 Defendant wire transferred a total of \$39,169.48 from the consumer bank account
8 to the Bank of the West Account, in Omaha, Nebraska, for payment in full of the
9 loan that had secured Defendant's RV using the interstate wires.

10 Economic Injury Disaster Loan Application No. 3325926731

11 30. Between November 29, 2021, and December 24, 2021, after
12 fraudulently obtaining and receiving the initial \$117,300.00 in EIDL funding,
13 Defendant fraudulently sought additional EIDL funding through the Targeted
14 Advance and Supplemental Targeted Advance EIDL program. On or about
15 November 30, 2021, while in correspondence with an SBA representative and
16 pursuant to the scheme, Defendant falsely and fraudulently stated that he needed
17 the additional funds to pay for an office space rental, licensing fees, and a vehicle,
18 among other business-related necessities.

19 31. On or about December 24, 2021, Defendant applied for an EIDL
20 Targeted Advance and Supplemental Targeted Advance by signing and submitting
21 application number 3325926731 to the SBA under the name of his purportedly
22 active business, Chelan Douglas Appraisal Services.

23 32. The representations and certifications made by Defendant on EIDL
24 application number 3325926731 were materially false and Defendant knew they
25 were false at the time they were made. The SBA did not grant Defendant's EIDL
26 application number 3325926731.
27
28

Counts 1-2

33. The allegations in paragraphs 1 through 32 of this Indictment are incorporated as though realleged herein.

34. On or about each of the dates set forth below, in the Eastern District of Washington and elsewhere, the Defendant, JASON CARNELL O'DAFFER, for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Date	Description
1	December 1, 2021	Wire transfer from SBA's FMS servers in the State of Iowa to the WaFd business checking account ending 7626 in the Eastern District of Washington in the amount of \$117,300.00 for an EIDL applied for with EIDL Application No. 3324752705.
2	February 1, 2022	Wire transfer of \$39,169.48 from WaFd Bank consumer checking account ending in 5351 located in the Eastern District of Washington to Bank of the West account ending in 5213, located Omaha, Nebraska, wire number 24206.

All in violation of 18 U.S.C. § 1343.

Count 3

35. The allegations in paragraphs 1 through 34 of this Indictment are incorporated as though realleged herein.

36. On or about November 14, 2021, in the Eastern District of Washington and elsewhere, the Defendant, JASON CARNELL O'DAFFER, made and presented to the United States Small Business Administration claims concerning EIDL Application No. 3324752705 for EIDL Loan No. 25694491-02 in the name of Chelan Douglas Appraisal Services for an amount of \$117,400.00, knowing said

1 claims were false and fraudulent, and knowing the information submitted was
2 materially false and fraudulent in that Defendant knew that Chelan Douglas
3 Appraisal Services was not then an active business, knew that Chelan Douglas
4 Appraisal Services' 2020 actual gross revenue was significantly and materially less
5 than the amount that Defendant fraudulently represented in the application, and
6 knew that he planned to use the EIDL funds for unauthorized purposes, all in
7 violation of 18 U.S.C. § 287.

8 NOTICE OF FORFEITURE ALLEGATIONS

9
10 The allegations contained in this Indictment are hereby realleged and
11 incorporated herein by this reference for the purpose of alleging forfeitures.

12 Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), upon
13 conviction of an offense in violation of 18 U.S.C. §§ 1343 as alleged in this
14 Indictment, Defendant shall forfeit to the United States any property, real or
15 personal, which constitutes or is derived from proceeds traceable to the offenses.
16 The property to be forfeited includes, but is not limited to, the following:

17 MONEY JUDGMENT

18 A sum of money equal to \$117,400.00 in United States currency,
19 representing the amount of proceeds obtained by Defendant from the
20 wire fraud violations.

21 CONVEYANCE

22 Thor Motor Coach M-23U E350-V10, VIN: FDWE3FSXBDB36388,
23 WA Tag #: CBV1981

24 If any of the property described above, as the result of any act or omission of
25 Defendant:

- 26 (a) cannot be located upon the exercise of due diligence;
27 (b) has been transferred or sold to, or deposited with, a third party;
28

- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty,

the United States shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

DATED this 18th day of October 2022.

A TRUE BILL

Foreperson

Vanessa R. Waldref
Vanessa R. Waldref
United States Attorney

Tyler H.L. Tornabene
Tyler H.L. Tornabene
Assistant United States Attorney

Dan Frueh
Dan Frueh
Assistant United States Attorney